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Home buying trends in 1986 were about what you might expect for the late stages of a protracted recovery period.

First-time home buyers continued to account for a shrinking percentage of the total home buying public and opted for more economical housing solutions than their counterparts in the two preceding years. Repeat buyers appeared to be more selective and conservative.

Chicago Title's 11th annual survey of recent home buyers, which analyzes home buying trends in 14 representative major metropolitan housing markets nationwide, reveals that the median (or mid-point) home price rose 4 percent in 1986, from $90,400 in 1985 to $93,680 a year later. Average monthly mortgage payments declined 5 percent as interest rates trended lower throughout the year.

Significantly, the average mortgage payment as a percent of family income retreated below 30 percent for the first time in several years.

While median income also was up for first-time buyers, from $37,520 to $38,920, the median home price for this group declined for the second consecutive year, from $75,100 in 1985 to $74,700 last year. Reflected in this trend is the fact that a larger number of buyers in this group purchased less expensive condominiums or multi-family housing units in 1986.

For all buyers, the average monthly mortgage payment was down from $896 to $852. The payment for repeat buyers was down from $963 to $929, and for first-time buyers from $794 to $722. The mortgage payment as a percent of family income was 28.6 percent for all buyers, 27.5 for repeat buyers and 30.3 percent for first-timers.

11TH ANNUAL NATIONAL SURVEY OF RECENT HOME BUYERS (in major metropolitan markets)

Characteristics	1986	1985	1984	1976 (Base Year)
Median price of home purchased	$ 93,680	$ 90,400	$ 89,400	$ 43,340
Median price for first-time buyers	74,700	75,100	91,500	37,670
Median price for repeat buyers	114,860	106,200	100,400	50,090
Average monthly payment	$ 852	$ 896	$ 868	$ 329
First-time buyers	722	794	810	313
Repeat buyers	929	963	907	342
When household income is less than $30,000	NA	633	637	NA
When household income is $30,000-40,000	647	774	NA	NA
When household income is $41,000-50,000	820	841	NA	NA
When household income is $51,000-60,000	902	1,009	NA	NA
When household income is $61,000 or more	1,148	1,200	NA	NA
Average monthly payment as percent of income	28.6%	30.0%	30.3%	24.0%
First-time buyers	30.3%	32.7%	33.7%	23.0%
Repeat buyers	27.5%	28.0%	28.0%	24.9%
Buying for the first time	35.5%	36.6%	37.7%	44.8%
Previously owned a home	64.5%	63.4%	62.3%	55.2%
Average age of first-time buyers	30.9	28.4	29.1	28.1
Average age of repeat buyers	39.5	38.4	37.8	35.9
Average number of houses looked at	15.1	14.9	13.6	12.3
Average number of months buyers look before deciding	4.6	4.3	3.8	4.0
First-time buyers	5.0	4.7	4.2	4.3
Repeat buyers	4.4	4.0	3.6	3.8
Bought new houses	25.7%	23.8%	22.3%	15.1%
Bought used houses	74.3%	76.2%	77.7%	84.9%
Bought single-family homes	85.1%	87.0%	89.9%	88.8%
Bought multiple-family homes	5.2%	4.2%	2.5%	4.8%
Bought condominiums	9.0%	6.4%	7.6%	6.4%
Bought co-ops	0.7%	2.4%	NA	NA
Married	78.8%	76.3%	76.0%	NA
Widowed	1.4%	3.0%	1.6%	NA
Divorced/Separated	7.7%	10.0%	11.2%	NA
Single	12.2%	10.7%	11.9%	NA
Two-income families	74.4%	77.4%	74.5%	NA
First-time buyers	83.8%	85.8%	85.8%	NA
Repeat buyers	70.1%	72.2%	68.5%	NA

11TH ANNUAL NATIONAL SURVEY OF RECENT HOME BUYERS (in major metropolitan markets)

Characteristics	1986	1985	1984	1976 (Base Year)
Down payment as % of sales price				
Average down payment	23.4%	24.8%	20.9%	25.2%
First-time buyers	13.4%	11.4%	13.2%	18.0%
Repeat buyers	28.9%	32.7%	25.6%	30.8%
Down payment of 5%			7.6%	9.3%
10% or less	46.0%	43.7%	41.3%	26.9%
20% or less	68.7%	68.2%	72.6%	60.2%
More than 50%	12.6%	16.3%	9.7%	13.8%
Paid in full	5.4%	4.5%	4.2%	NA
First-time buyers	2.4%	1.3%	0.5%	NA
Repeat buyers	7.1%	6.4%	6.5%	NA
Type of mortgage financing				
Conventional fixed rate	73.3%	64.2%	NA	NA
Adjustable or variable rate	13.6%	23.2%	NA	NA
Seller financed or contract loan	2.3%	3.0%	NA	NA
Other	10.9%	9.6%	NA	NA
Length of mortgage (years)				
First-time buyers	28.7 yrs.	28.3 yrs.	29.1 yrs.	NA
Repeat buyers	27.0 yrs.	25.2 yrs.	27.2 yrs.	NA
Average down payment breakdown (% of dollars)				
Of first-time buyers				
Own savings and investments	77.9%	79.9%	78.8%	80.1%
Lending institutions	6.0%	2.2%	5.6%	4.5%
Relatives	14.3%	11.5%	13.2%	10.8%
Others	1.8%	6.6%	2.4%	4.0%
Of repeat buyers				
Previous home sale	50.3%	55.0%	44.5%	NA
Savings and investments	40.1%	36.8%	45.8%	NA
Lending institutions	4.4%	2.5%	3.8%	NA
Relatives	2.1%	1.1%	4.4%	NA
Others	3.1%	4.6%	1.5%	NA
Average time to save down payment				
First-time buyers	1.8 yrs.	1.8 yrs.	1.8 yrs.	2.4 yrs.
Average family size	3.0	2.7	2.9	NA
First-time buyers	2.7	2.6	2.7	NA
Repeat buyers	3.1	2.8	3.1	NA
Median household income	$46,620	$42,400	$38,700	$20,840
First-time buyers	38,920	37,520	35,070	20,480
Repeat buyers	53,120	47,380	42,200	21,080

NA—Not Available
Source: Chicago Title Insurance Co.
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The number of home buyers who were married couples rose to 78.8 percent of all buyers from 76.3 percent in 1985. At the same time, however, the number of two-income families declined, from 77.4 percent in 1985 to 74.4 percent last year. Both buying groups—repeat buyers and first-timers—participated in this trend.

As still another indication of the more conservative approach in 1986, buyers shopped longer and looked at more homes before making a choice. Last year, buyers spent an average of 4.6 months shopping for a home compared to 4.3 months in 1985, and looked at 15.1 homes compared to 14.9 the previous year.

Down payment as a percentage of sales price also drifted lower, from 24.8 percent to 23.4 percent in 1986. And a larger percentage of buyers opted for conventional fixed-rate mortgages—73.3 percent vs. 64.2 percent in 1985.

A significant shift was seen in the increased number of buyers who opted to purchase condominiums and multi-family homes. The number of condo buyers was up from 6.4 percent to 9 percent in 1986. Among first-time buyers, condominiums accounted for 17 percent of all sales compared to 10 percent in 1985. Buyers purchasing multi-family homes rose from 4.2 percent to 5.2 percent last year.

In 1986, 25.7 percent of all buyers purchased newly constructed homes. This figure has inched steadily higher over the past three years. Detached single-family home sales accounted for 85.1 percent of all sales, down from 87 percent in 1985.